

**Elizabeth Burden** Market report



# Investors happy to make Serco part of the family

**S**erco, the outsourcing group which is installing computers in cells that will allow inmates to arrange family visits without distracting wardens, is driving innovation in the sector, according to analysts at Liberum. Of the 38 per cent of prisons that were classed as “of concern” or “of serious concern” in the Ministry of Justice’s performance ratings for the past year, none were privately run; Serco operates five prisons in England.

The analysts added that they expected no financial impact to result from the reputational damage caused by technical faults with the Caledonian Sleeper train service that Serco manages, sending its shares up 1¼p, or 0.8 per cent, to 142½p.

The FTSE 100 index climbed 69.61

points, or 1 per cent, to 7,184.32, boosted by a weaker pound after the Queen approved Boris Johnson’s plan to suspend parliament, making it more difficult for MPs to stop a no-deal Brexit. **British American Tobacco** recouped 42p, or 1.5 per cent, to £28.72 and **Astrazeneca** gained 99p, or 1.4 per cent, to £73.65.

As well as the exporter stocks, investors turned to safe-haven assets such as gold: the metals miner **Fresnillo** closed up 5¼p, or 0.7 per cent, to 733¼p. Dealers were encouraged by fresh comments from China’s commerce ministry about face-to-face talks between Beijing and Washington to resolve their trade dispute. Asia-exposed stocks enjoyed a lift with **HSBC** rising 9¼p, or 1.7 per cent, to 591½p.

The broader FTSE 250 added 89.51 points, 0.5 per cent, to 19,292.50.

As the most exposed housebuilder

to higher-priced properties in London and the southeast, analysts at Peel Hunt said **Berkeley Group** had the

most to gain from any cuts to stamp duty that may be announced by Sajid Javid, the chancellor, in his financial statement on Wednesday. The shares added 94p, or 2.5 per cent, to £38.69.

The industrial powerhouse **Smiths Group** was the biggest percentage riser on the main index, gaining 80p, or 5.1 per cent, to £16.38½ after analysts at Goldman Sachs upgraded the stock from “neutral” to “buy”.

**Homeserve**, the owner of Checkatrade, the online link for homeowners to vetted plumbers and decorators, rose 51p, or 4.7 per cent, to £11.39 after analysts at UBS upgraded their rating to “buy”. They added that the group’s US expansion meant it had the potential to deliver 14 per cent growth in operating profit a year by 2025.

Among smaller companies, Aim-listed **Reabold Resources** said that what it had thought was a potentially large gas discovery in West Newton, a few miles north east of Hull, was more likely to be a 45m oil column,

which would be more valuable than gas and easier to extract and transport. The shares gained ¼p, or 10 per cent, to 1½p.

**Diversified Gas & Oil** added 2½p, or 2.5 per cent, to 104p after it announced the acquisition of Ohio-based Edgemarc Energy Holdings’ natural gas development, production and exploration assets for \$50 million, which will make it one of the biggest independent producers in London.

Sir **Stelios Haji-ioannou**, 52, bought 60,000 shares of **Easyhotel**, the

budget hotel chain, on Wednesday at 95p, taking his stake to 27.8 per cent of the issued capital. That failed to inspire dealers and the shares didn’t budge from 94½p.

Thanks to the strong growth of ceramics exports, **Churchill China**, the British manufacturer of housewares, reported pre-tax profits up nearly a third to £4.3 million in the half year to June on revenues up 17 per cent to £31.9 million. The shares rose 15p, or 0.9 per cent, to £16.

